



# Oh, *crap*!

I just lost all of my money.

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**5 reasons why it happened.**

**5 reasons everything is going to be okay.**



# Ouch.

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So you lost some money on the foreign exchange. You are now in good company. You're also probably feeling, at least initially, three things:

**Panic about: The Future**  
**Desire to give up**  
**Temptation to get revenge**

Don't panic.  
Don't give up.  
*Do* get revenge.

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**I'm here to help! This ebook can help explain what happened, and set you back on the track of success. Please don't listen to your deepest fears, and don't listen to your desire to give it all up. It's bad, yes, but it's not as bad as you think. Losing money is the easiest (and hardest) way to learn the path to discipline and success in trading foreign currencies.**

**All of us – *every successful trader I have ever met* – had to learn the business this way.**

**The unsuccessful traders are the people who stopped where you are right now.**

**So, if you want to join the ranks of the successful traders, read on – and determine right now that you are not going to give up. The next sections will tell you why it happened, and what you have to do next.**

## Why it happened: Reason #1

### **You risked too much on one or more trades.**

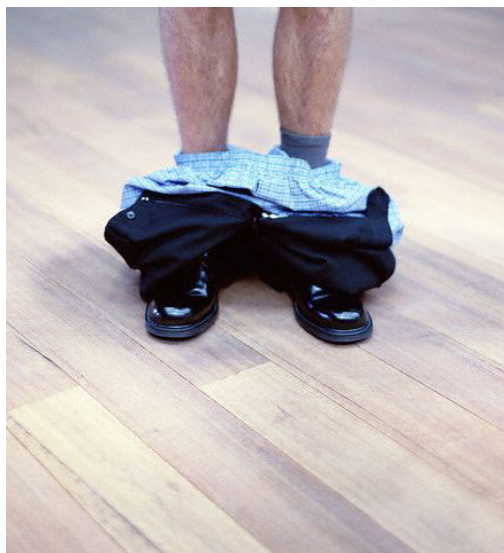
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You probably started trading currency for the same reason I did: to make money. While that's a worthy goal, and one that you're likely to reach, it's just not wise to try and make a year's worth of profits in one trade.

Most of us, at one time or another, have risked 50% or more of our account on one or more trades. Most of us try that on our demo accounts, and then we start to feel invincible (look! See what I can do! I can double my money in just a week!). Of course, this led you to try something similar in your live account. That was a bad idea (but you already know that now).

**Solution: Never risk more than 1% of your account on a single trade. Preferably less.**

This is a money-management solution. If you don't put a lot of money on the roulette table, you can have a lot of your money taken *off* the roulette table.

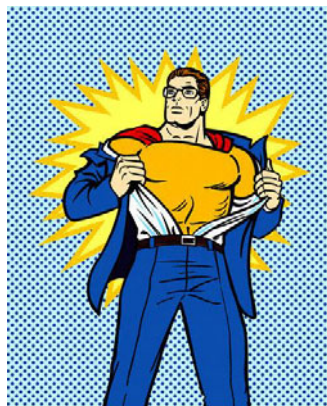


## Why it happened: Reason #2

# You didn't set an appropriate stop loss.

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Setting a stop loss is like zipping up your pants in the morning. It's not required, but you can feel really embarrassed, really quickly, if you don't do it. To tell you the truth, you could conceivably set a stop loss 100 pips wide just to get 10 pips. If you are not risking more than 1% of your account on the trade, it doesn't much matter. I have done this before. I don't do it any longer, because that is a dumb risk:reward ratio. The point here is that you *must* set some type of stop loss so that if the market really gets wild, that you don't get crushed.



Why it happened: Reason #3

**You traded on emotion, not on reality.**

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You and I sometimes get a good string of trades put together, and then we start walking around like we're the Warren Buffet of forex (we're not). A good thing to remember at a time like that is this: *you are not the Warren Buffet of trading – and the longer you keep up that attitude, you're more likely to end up looking like the ENRON of forex.* Bring yourself back down to earth before every trade. Make sure you take your time before every trade. Make sure that if you're making what you believe to be a "sure bet," then you better not risk more than 1% of your capital and set appropriate stop loss orders. Especially at the beginning of your trading career. You can start to risk more when you learn more. When you have a track record.

## Why it happened: Reason #4

### **You have just opened an account with real money.**

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**Your first trades with real money are the most amazing opportunities to lose money. You and I both did it – one week after I opened my first live account, I lost 90% of my account. I felt like crawling under a rock. Or smashing my head with one. It's like magic: open a live account, lose money.**

**Realize that no matter how good you were on a demo account, you're going to trade on emotion as soon as you open a live account. Mostly, you're going to feel afraid to follow the same hair-brained strategy that you used when you were on the demo account. Here are five ideas that will help you avoid this:**

- 1. Open your next live account with \$2,000 or less. Trade for less than \$1 per pip.**
- 2. If you built a strategy / system while on a demo account, use it! It worked then, right?**
- 3. If you didn't build a system already, use that new small account to build one.**
- 4. Don't be afraid of losing money. Be afraid of making stupid trades.**

5. **NEVER, EVER, EVER, EVER trade when you're emotional. Email me if this is a problem for you and I can suggest some things that helped me: [rob@robbooker.com](mailto:rob@robbooker.com).**



Why it happened: Reason #5  
**Something weird happened.**

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Well, it's true: sometimes the market does things that it's not supposed to do. Take Japanese intervention in the Yen – it's not supposed to happen in a perfect world, but it does, and it can really throw off your perfect short trade. These are the



**unpreventables**, as I call them, and they don't happen as often as we suspect. When you get burned by a totally unpredictable movement in the market, just sit back, relax, and ask yourself: **did you only risk a small amount of your capital?** Do you have a stop loss? Is there any chance the trade is coming back in your direction?

**It's going to be  
OK.**

**(And here's why.)**

## Why it's okay: Reason #1

# You're going to learn why you lost money.

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If you lost more than 10% of your account on one trade, then you did something wrong. You goofed. It's okay, just don't do it again. Take a day off from trading. Step back.

1. Write down why you entered the trade.
2. Write down why you exited the trade.
3. Write down what you should have done differently.

**NOT studying your worst moments is like smashing your thumb with a finger, and then smashing it again. And again. I have worked with traders who have been making the same mistakes for more than a year – have blown more than one account – and then when they spend a week studying the reasons for their trades, they become profitable traders.**

**YOU HAVE TO STUDY YOUR BAD TRADES. YOU HAVE TO LEARN FROM THEM.  
IF YOU DO, YOU WILL START MAKING MONEY.**



**Why it's okay: Reason #2**  
**Write down why you entered the trade.**

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**Did you enter the trade on a spur of the moment, emotional feeling? Write everything down. If you feel like you did everything right, that you entered the trade for**

all the right reasons, then maybe you didn't stay in the trade long enough. If you have NO IDEA what happened, maybe you should write me – or someone who has been trading longer than you have. Ask them to look at the charts. Ask them what you could have done differently.

You should get in the habit of keeping a trade journal. The journal should include the following information:

1. Time of entry and type of trade (Buy, Sell, Pair, Lot size). Stop loss and limit orders.
2. **WHY YOU ENTERED THE TRADE.** For example: "5 EMA crossed below the 30."
3. Time and price of exit, and any gain/loss.



## Why it's okay: Reason #3

### Write down why you exited the trade.

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Many traders who give a reason for a trade entry don't give a reason for the exit. The best reason to exit the trade is that it's profitable and you want the money in your account. The worst reason to exit a trade is because it's going against you and you don't know what else to do.

You have to have a plan for the trades that go against you! Before you start trading as a career, or with any substantial money, you should make a plan for what you're going to do if a trade goes south. Some questions you need to answer:

1. **How far am I willing for this trade to go against me? Sometimes traders set a stop loss that's too wide or not wide enough, and then they disregard it anyway.**
2. **What are the criteria for realizing that the trade was not a good idea? Here, it's not enough to say, "I'm losing money." I mean, if you enter trades on an oscillator or indicator, do you exit based on those tools as well? What signals are given for a trade exit?**
3. **Under what circumstances will you raise or lower your stop loss and your limit orders?**



## **Why it's okay: Reason #4**

### **What would you have done differently?**

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**I once got a bad haircut: at the end, nearly all of my hair was gone. I vowed to never let that happen again. Talk about (with a friend who trades) or write down what you would**

**have done differently. Would you have avoided entering the trade altogether? Would you have waited longer – for example, if the position eventually turned profitable, you have learned that sometimes the only thing separating you from profits is time. Would you have double-checked the indicators? Would you have looked closer at candlestick patterns? Asked an expert?**

**Once you decide what you would have done differently, then find someone who can help you keep your goal to act differently next time. Find a fellow trader who will double-check your trades. Set goals and get someone to help you keep them. Trading requires discipline and you can increase your discipline by working together with someone.**



## **Why it's okay: Reason #5**

### **Get revenge.**

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**Now create a list of goals for your forex trading – make the list as short as possible, but you should probably include as one of your goals “Never make the same mistake I just made ever again.” Once you’ve written your goals, you should also consider making a**

**complete trading plan. That plan would include rules that you follow on getting in and out of trades, indicators that you watch, and maximum losses that you are willing to withstand before exiting a trade. It would also include a method for follow up (including your trading journal).**

**Now, take those goals. And implement them. Get mad about your loss. I *hate* losing money. Hate it as much as anything else. Do you? If so, channel that anger and become more disciplined. Channel it and develop new goals. Channel it and commit to change your trading habits so that you can make money. Don't be afraid to get revenge. But, as a good leader in battle, plan for it. Study it out. *And then attack.***



## Conclusion

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**I've said it before in other places.**

**You can become a highly profitable trader. You can even support yourself and your family on the profits. And you don't have to start with a lot of money. You can even start with as little as a few hundred dollars and build it up over time. Most importantly, it's not how much you start with, it's how well you take care of what you've got. If I can ever help, please email me at [rob@robbooker.com](mailto:rob@robbooker.com). I always answer every email I receive.**





Rob Booker